

# COMMODITY OUTLOOK

## CORN - WHEAT - SOYBEANS

ALLAN E. LINES  
EXTENSION ECONOMIST

AUGUST 1989

THE OHIO STATE UNIVERSITY

# **WORLD WHEAT COMMENTS**

**SECOND HIGHEST PRODUCTION EVER**

**UTILIZATION TO REMAIN HIGH**

**STOCKS REDUCTION**

**20 % OF UTILIZATION**

**LOWEST SINCE 72/73**

**SOVIET/CHINESE IMPORTS REMAIN STRONG**

**STABILIZE FOOD PRICE**

**INCREASE SUPPLY**

**INCREASED COMPETITION FOR EXPORTS**

**CANADA AND ARGENTINA BIG COMPETITORS**

**U.S. SHARE OF EXPORTS DOWN**

# U.S. WHEAT COMMENTS

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PRODUCTION UP 9%

SUPPLIES SMALLEST IN 15 YEARS

EEP

- \* SUSPENDED

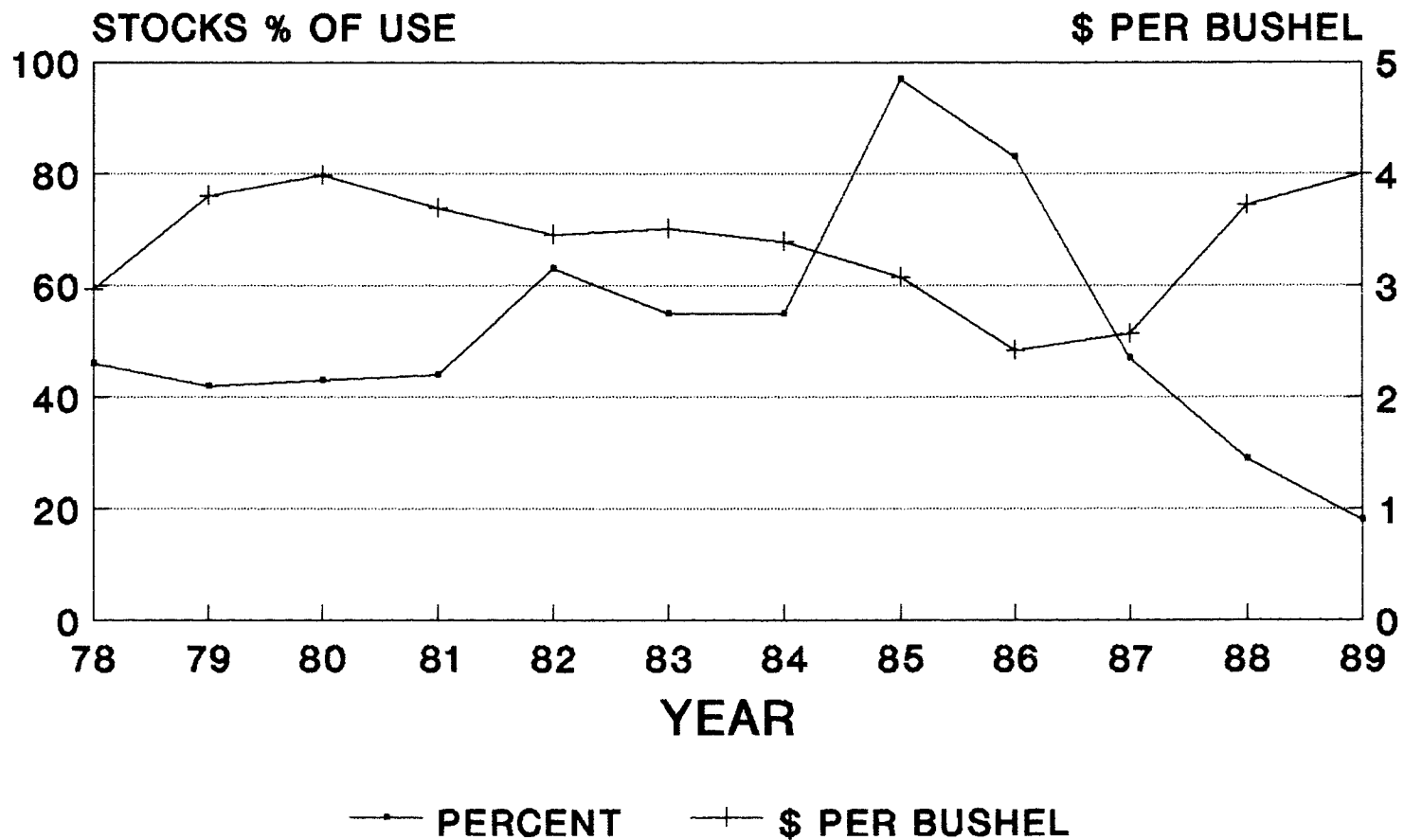
- \* REINSTATED

EXPORTS TO DECLINE

- \* RUSSIA/CHINA DOWN 20-25%

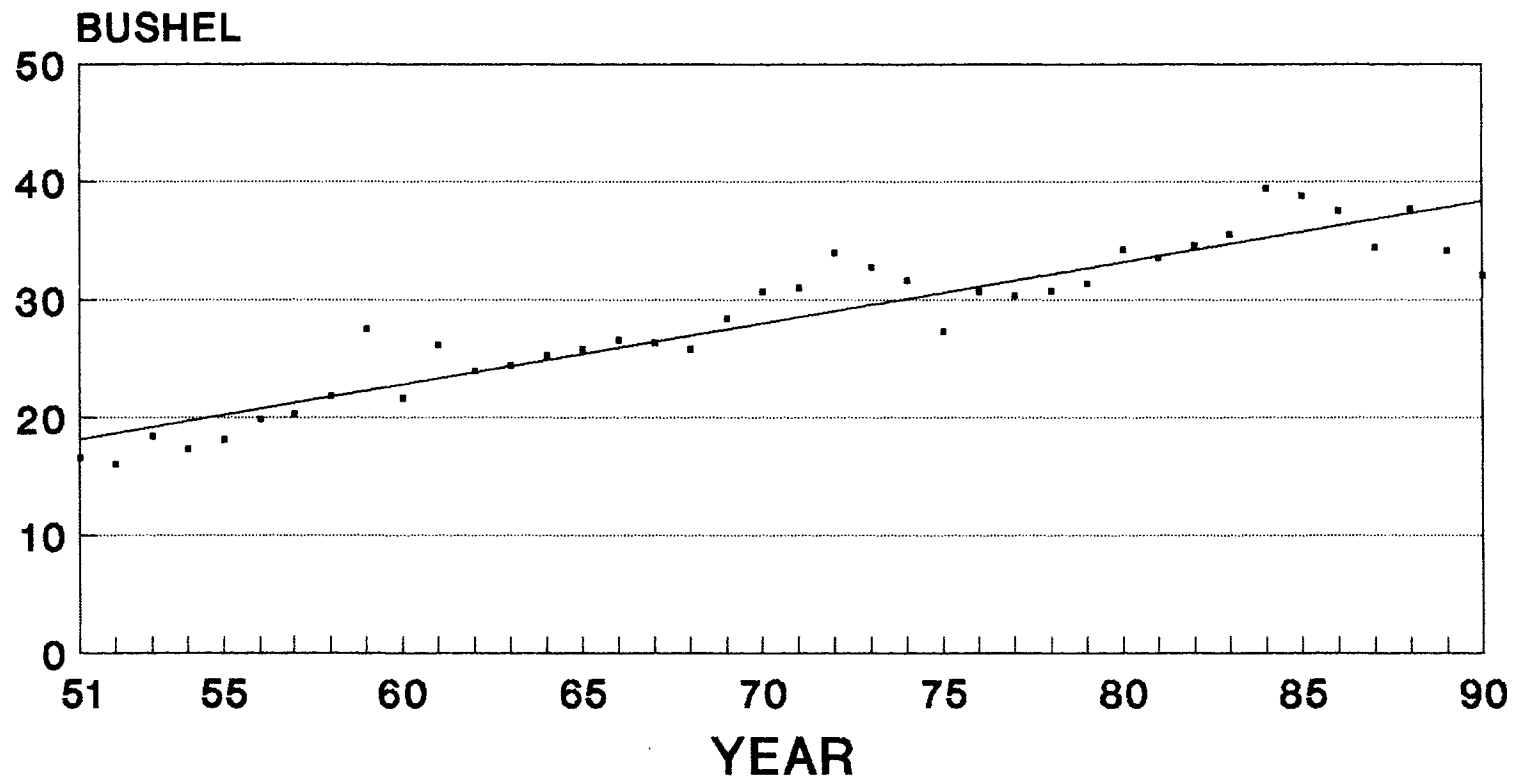
89/90 SEASON AVERAGE PRICE -- \$3.70-4.00

# U.S. WHEAT SUPPLY-DEMAND STOCKS VS. USE / PRICE



# U.S. WHEAT YIELDS

## BUSHEL PER ACRE



# COARSE GRAINS WORLD COMMENTS

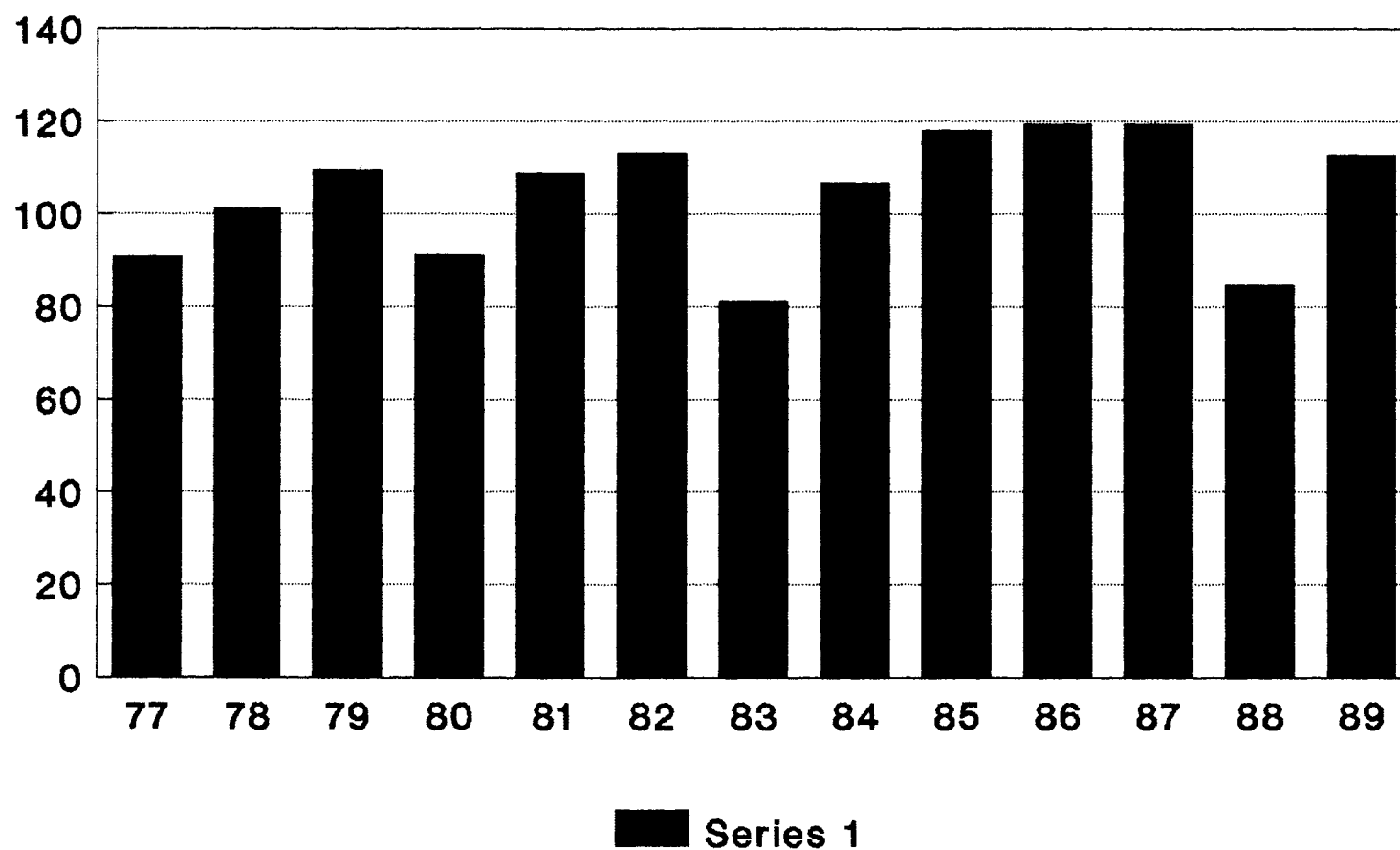
PRE-1985 FARM POLICY  
ENCOURAGED WORLD GRAIN PRODUCTION

1985 FOOD SECURITY ACT  
DISCOURAGE NON-U.S. GRAIN PRODUCTION

WHAT HAS HAPPENED?  
ACREAGE -- IN SIGNIFICANT DECLINE  
YIELD -- CONTINUED INCREASE  
SUPPLY -- CONTINUED INCREASE

# U.S. CORN YIELDS

## 1977-1989



1989 estimated

# DEMAND FUNDAMENTALS

## '89-'90 U.S. CORN

EXPORTS -- DOWN 130 MILLION BU.

NON-FEED USE -- UP 75 MILLION BU.

FEED USE -- UP 325 MILLION BU

TOTAL DEMAND -- UP 270 MILLION BU.



# **SUPPLY FUNDAMENTALS**

## **'89-'90 U.S. CORN**

**BEG. STOCKS -- DOWN 2,300 MILLION BU.**

**PRODUCTION -- UP 2,500 MILLION BU.**

**IMPORTS -- DOWN 2 MILLION BU.**

**TOTAL SUPPLY -- UP 198 MILLION BU.**

# PRICE FUNDAMENTALS

## '89-'90 U.S. CORN

ENDING STOCKS -- DOWN 72 MILLION BU.

STOCKS/USE RATIO -- 25%

PRICE RANGE -- ~~\$2.20~~-2.50

AVERAGE PRICE -- \$2.30

# PRICE FUNDAMENTALS

## '89-'90 U.S. CORN

ENDING STOCKS -- DOWN 72 MILLION BU.

STOCKS/USE RATIO -- 25%

PRICE RANGE -- \$1.85-2.30

AVERAGE PRICE -- \$2.10

# PRICE FUNDAMENTALS

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ENDING STOCKS -- DOWN 72 MILLION BU.

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PRICE RANGE -- \$2.20-2.50

AVERAGE PRICE -- \$2.30

# SOYBEAN COMMENTS

'88-'89 YEAR

LARGER THAN EXPECTED CROP

USE LESS THAN EXPECTED

OIL STOCKS REMAIN AT RECORD LEVELS

'89-'90 YEAR

WELL BELOW RECORD CROPS ('85-'86)

INCREASED SUPPLY

LOWER PRICES

# SOYBEAN QUESTIONS

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EXPORT RESPONSE?

SOUTH AMERICAN RESPONSE?

SOVIET UNION RESPONSE?

U.S. PRODUCTION?

# SOYBEAN ANSWERS

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EXPORTS AT 14-YEAR LOW -- LIMITED RECOVERY IN SIGHT

U.S. PRODUCTION UP 25%

DOMESTIC USE UP 4%

SOUTH AMERICAN OLD BEANS BEING HELD

ARGENTINIAN PRODUCTION TO RECOVER FROM DROUGHT

SOVIETS TO INCREASE MEAL IMPORTS

# DEMAND FUNDAMENTALS

## '89-'90 U.S. SOYBEANS

EXPORTS -- UP 20 MILLION BU.

DOMESTIC USE -- UP 44 MILLION BU.

TOTAL DEMAND -- UP 64 MILLION BU.



# **SUPPLY FUNDAMENTALS**

## **'89-'90 U.S. SOYBEANS**

**BEGIN STOCKS - DOWN 160 MILLION BU.**

**PRODUCTION - UP 350 MILLION BU.**

**TOTAL SUPPLY - UP 190 MILLION BU.**

# PRICE FUNDAMENTALS

## '89-'90 SOYBEANS

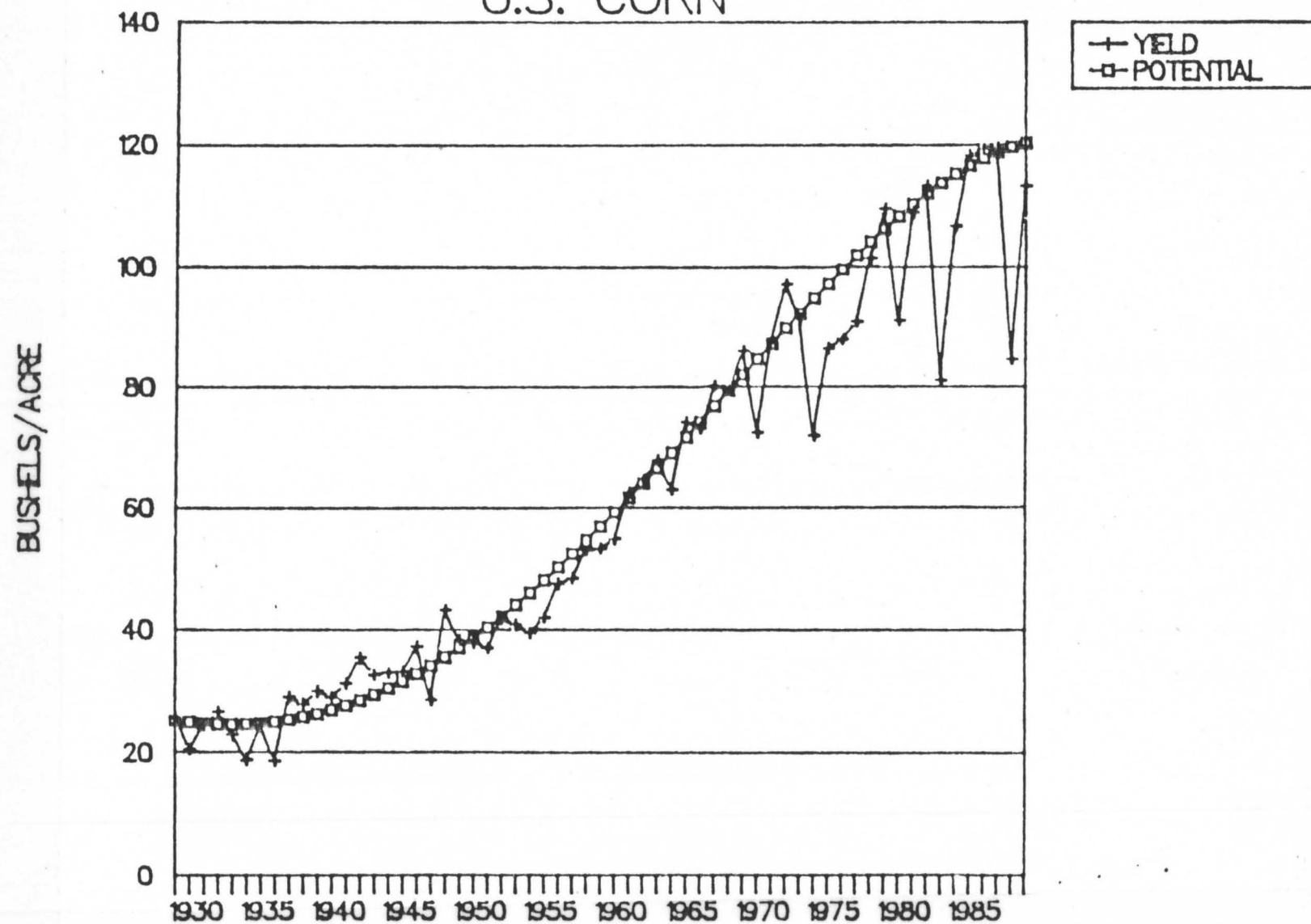
ENDING STOCKS -- UP 126 MILLION BU.

STOCKS/USE RATIO -- 15%

PRICE RANGE -- \$5.60-6.40

AVERAGE PRICE -- \$6.00

Figure 38  
U.S. CORN



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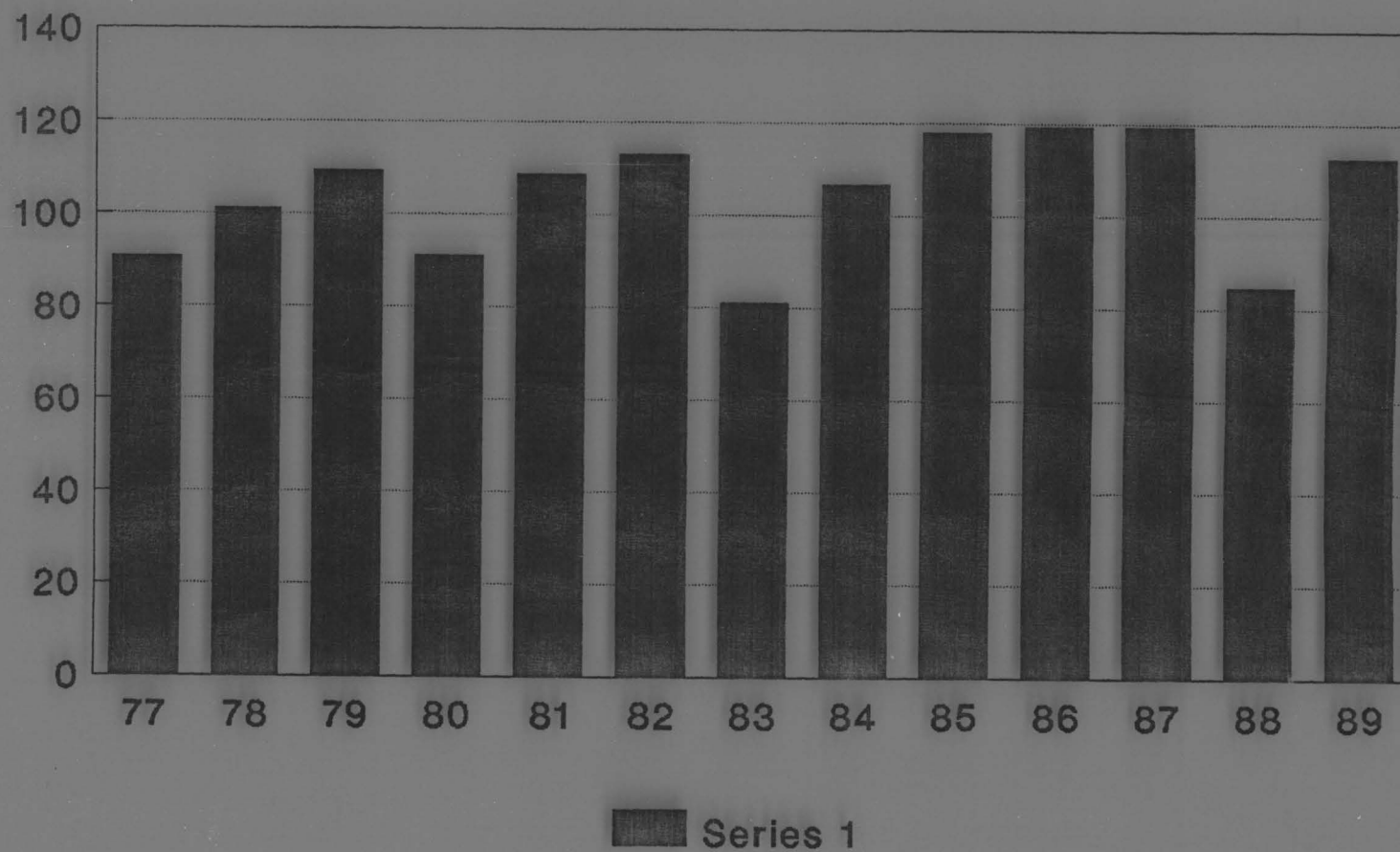
PRICE RANGE -- \$2.20-2.50

AVERAGE PRICE -- \$2.30



# U.S. CORN YIELDS

## 1977-1989



1989 estimated

Figure 40  
U.S. CORN  
1960-1989

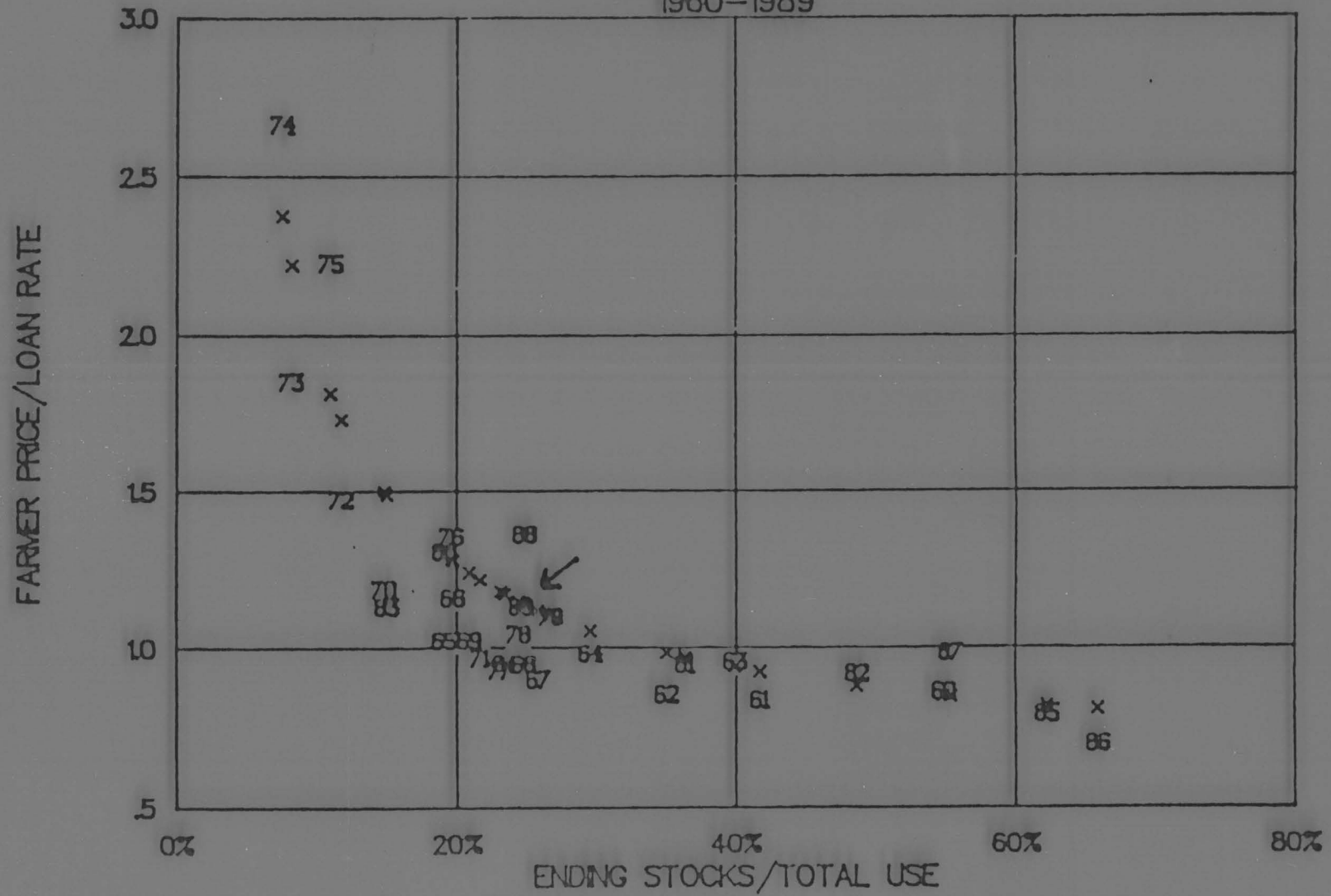
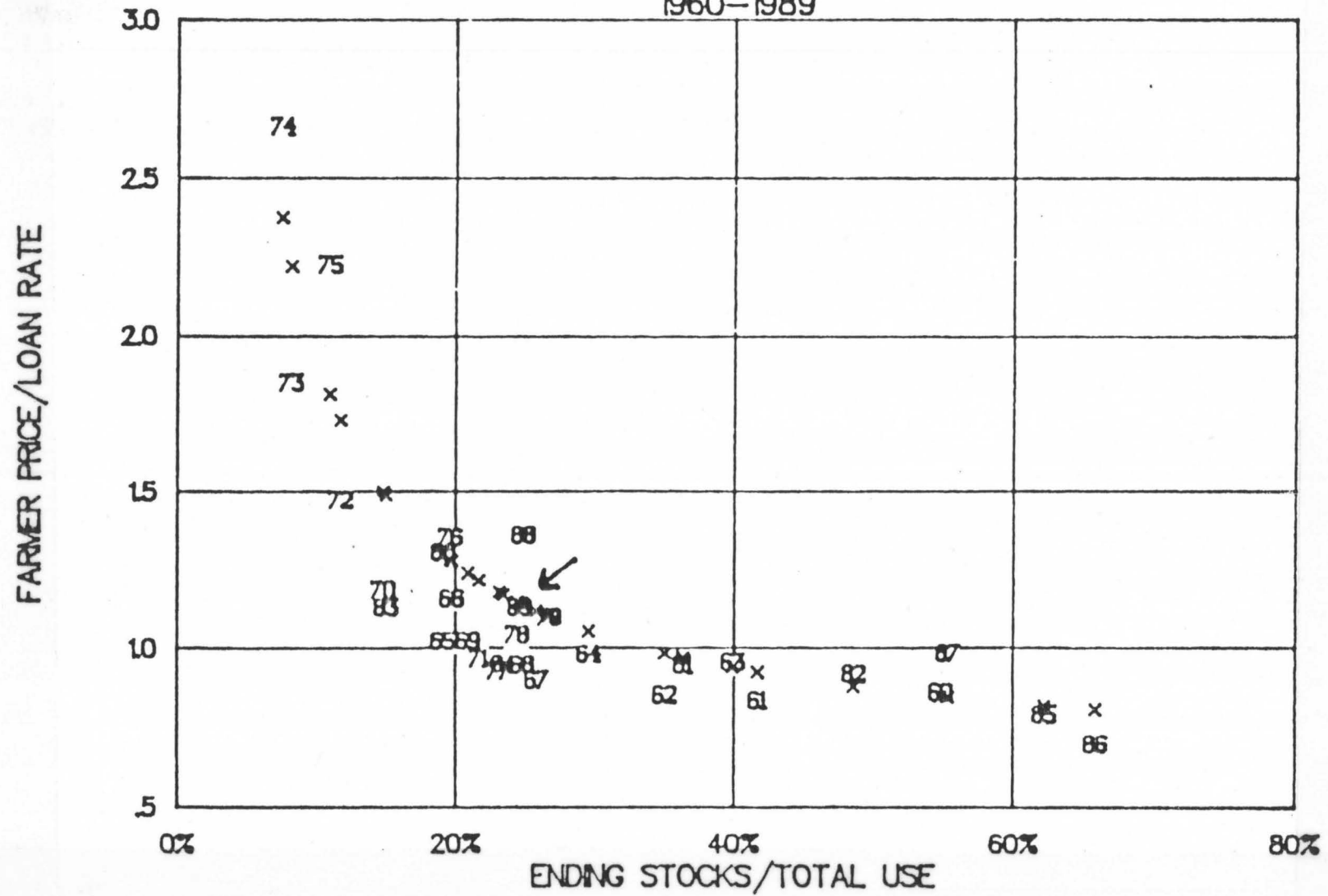


Figure 40  
U.S. CORN  
1960-1989



# SUPPLY FUNDAMENTALS

## '89-'90 U.S. CORN

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PRODUCTION -- UP 2,500 MILLION BU.

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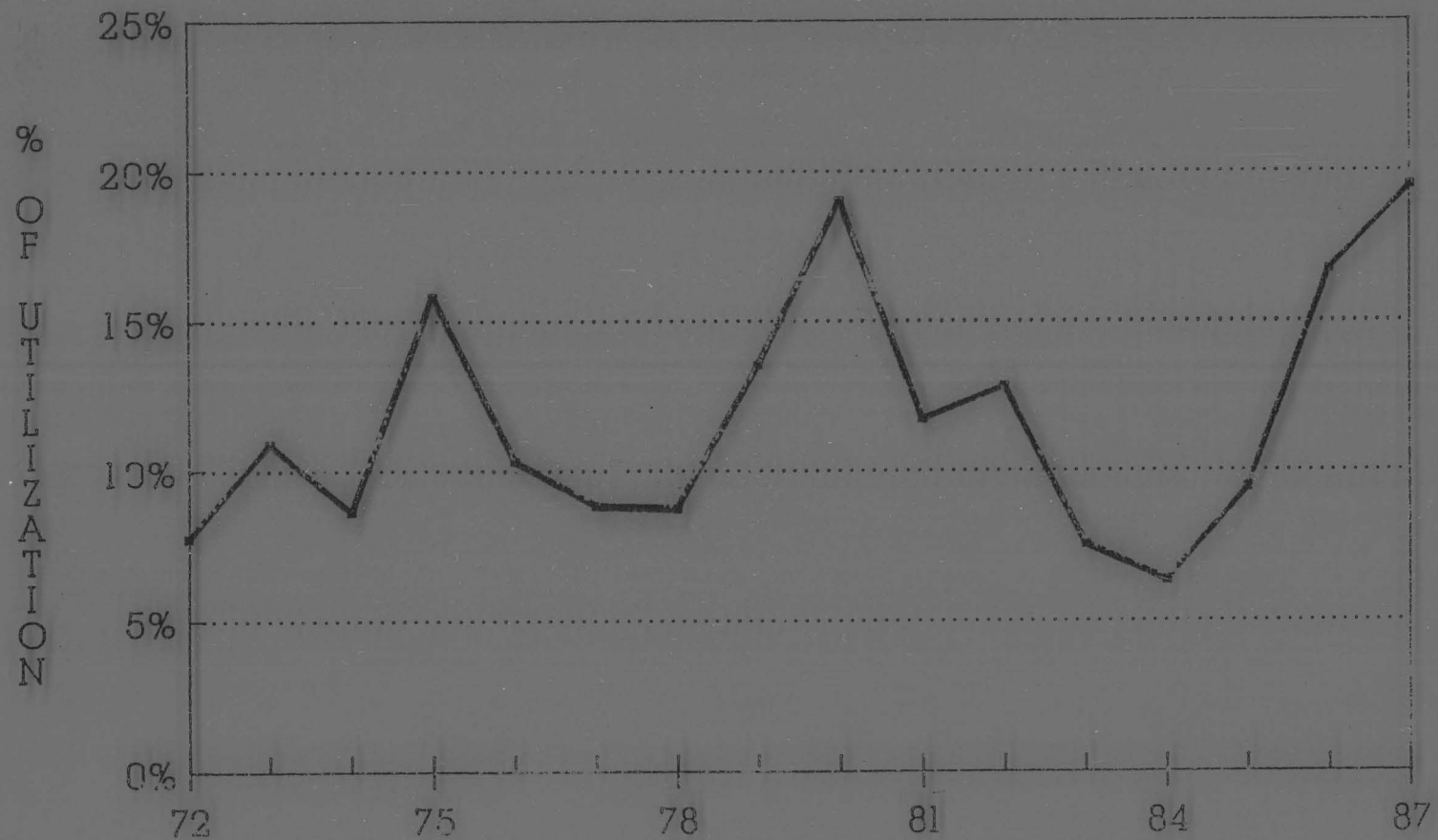


# SOYBEAN OIL CARRYOVER/USAGE RATIO





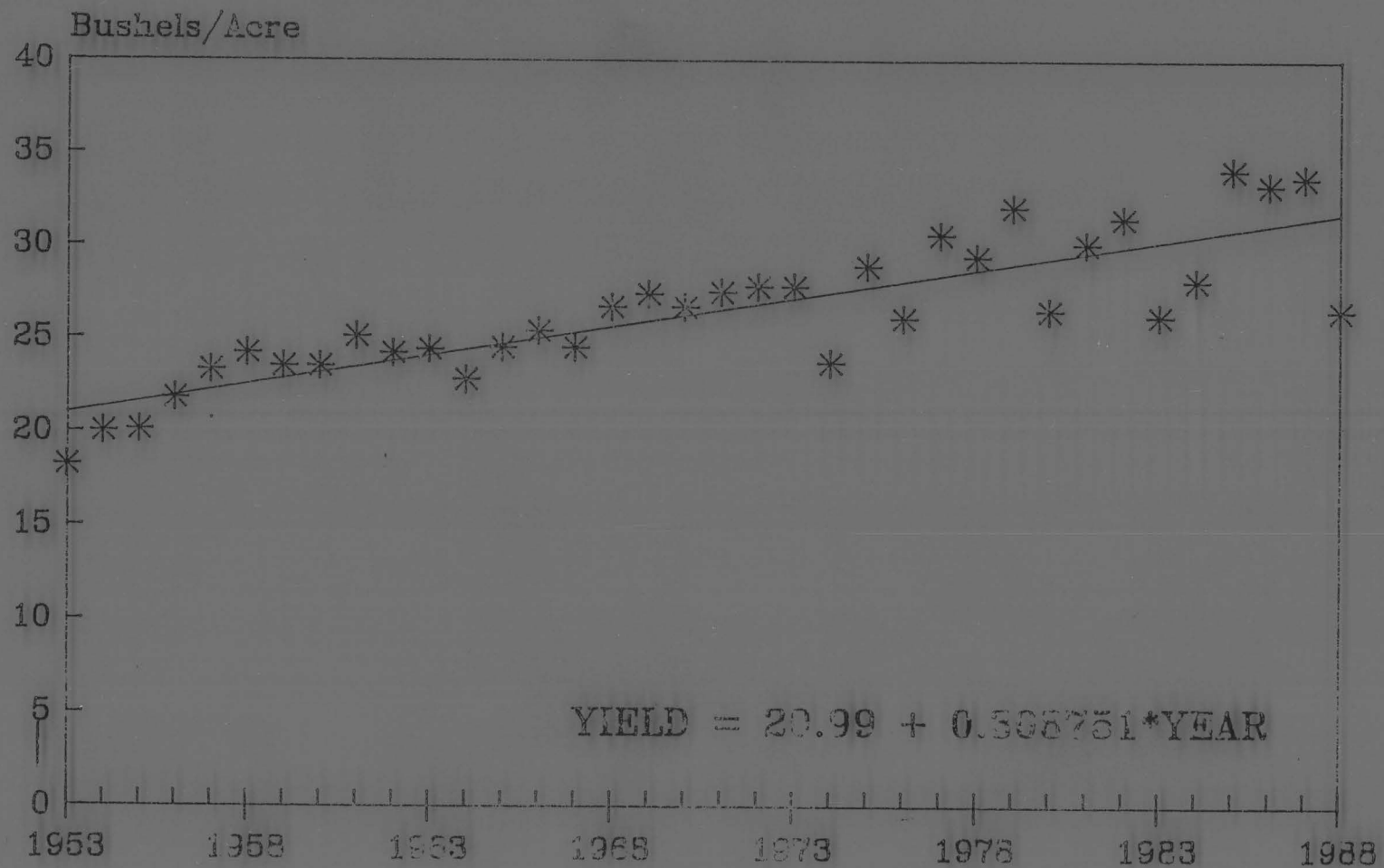
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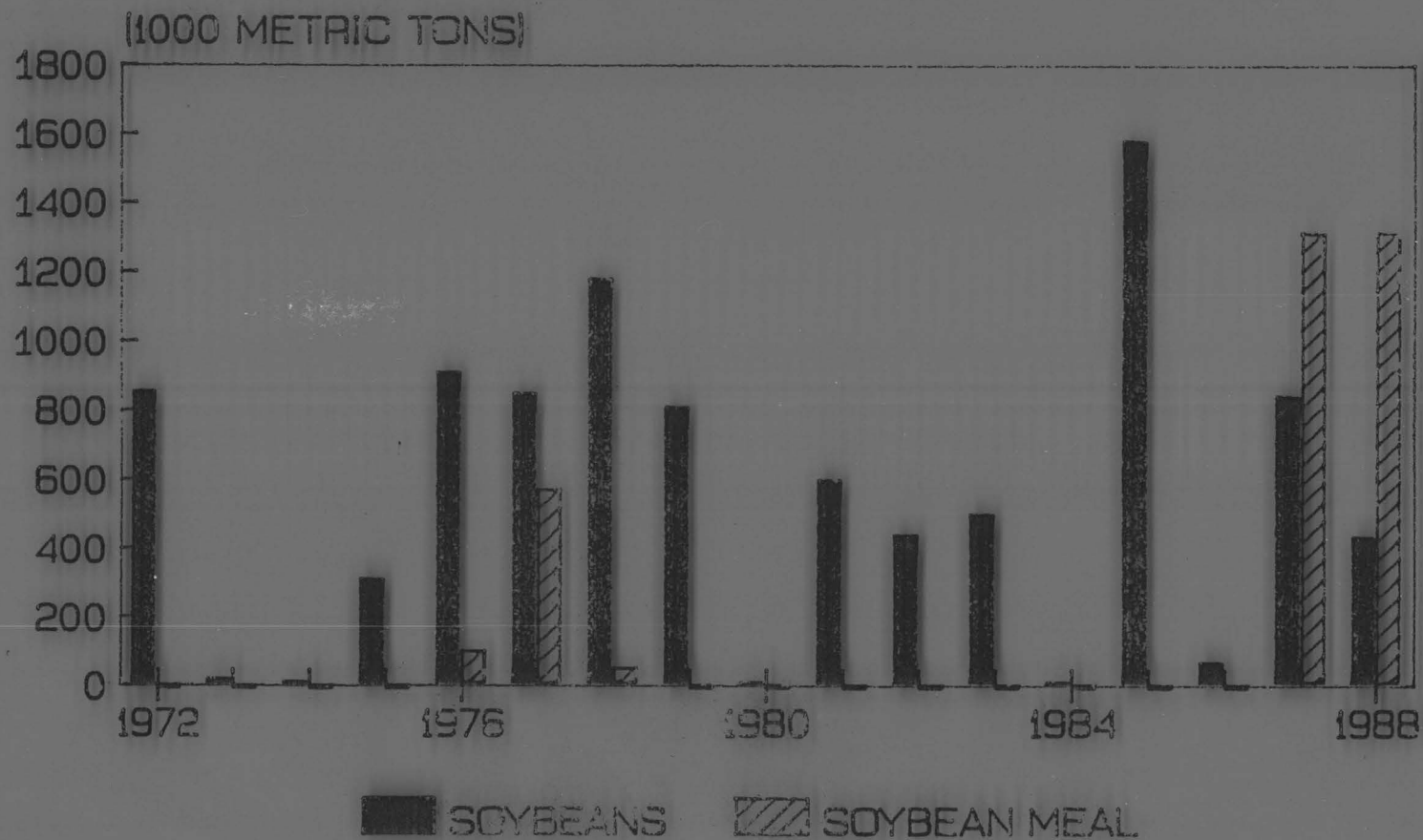
# SEASON AVG PRICE RATIO SOYBEANS/CORN



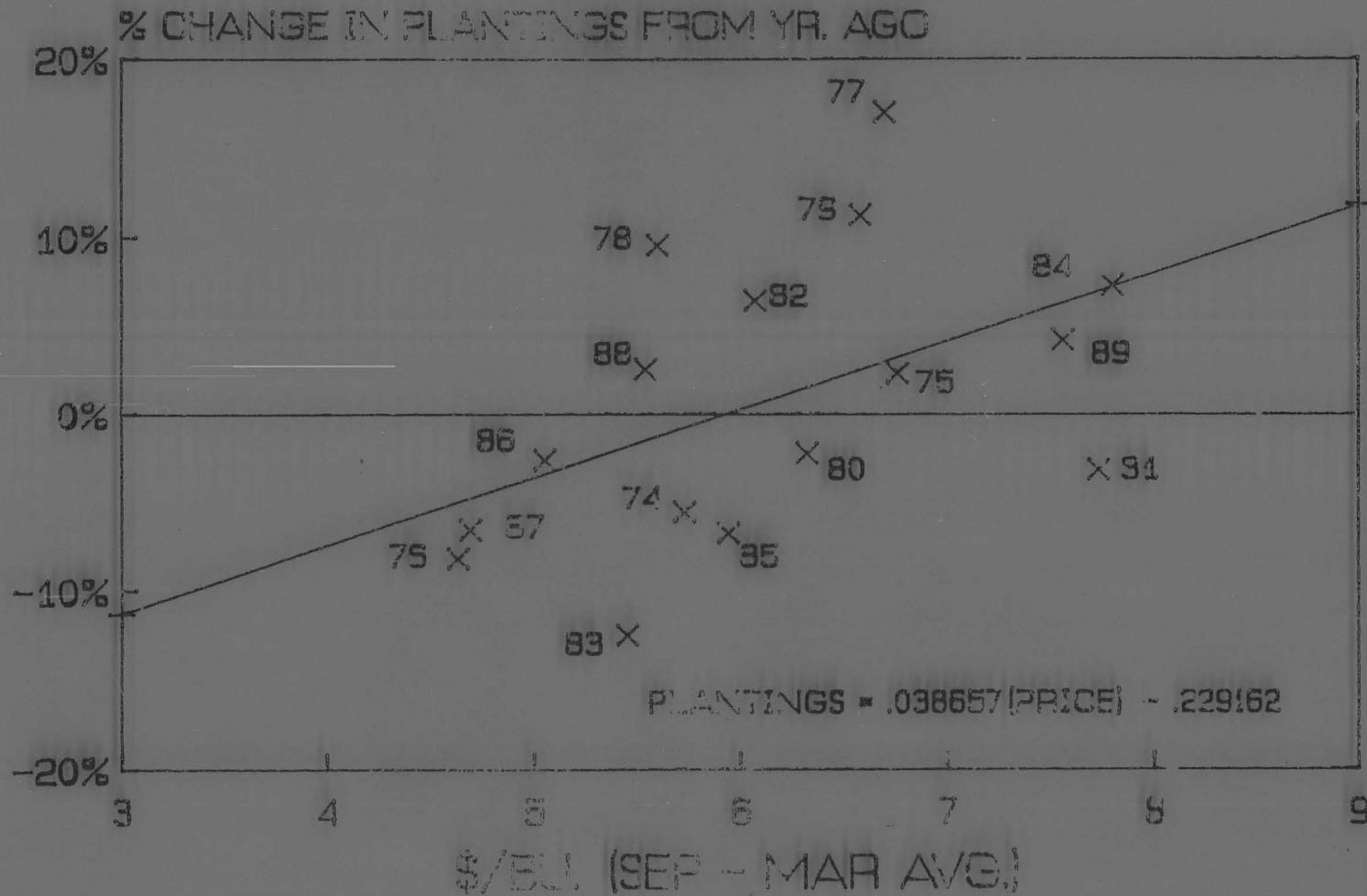
# U.S. Soybean Yields 1953-1988



# U.S. SOYBEAN AND MEAL EXPORTS TO THE U.S.S.R.

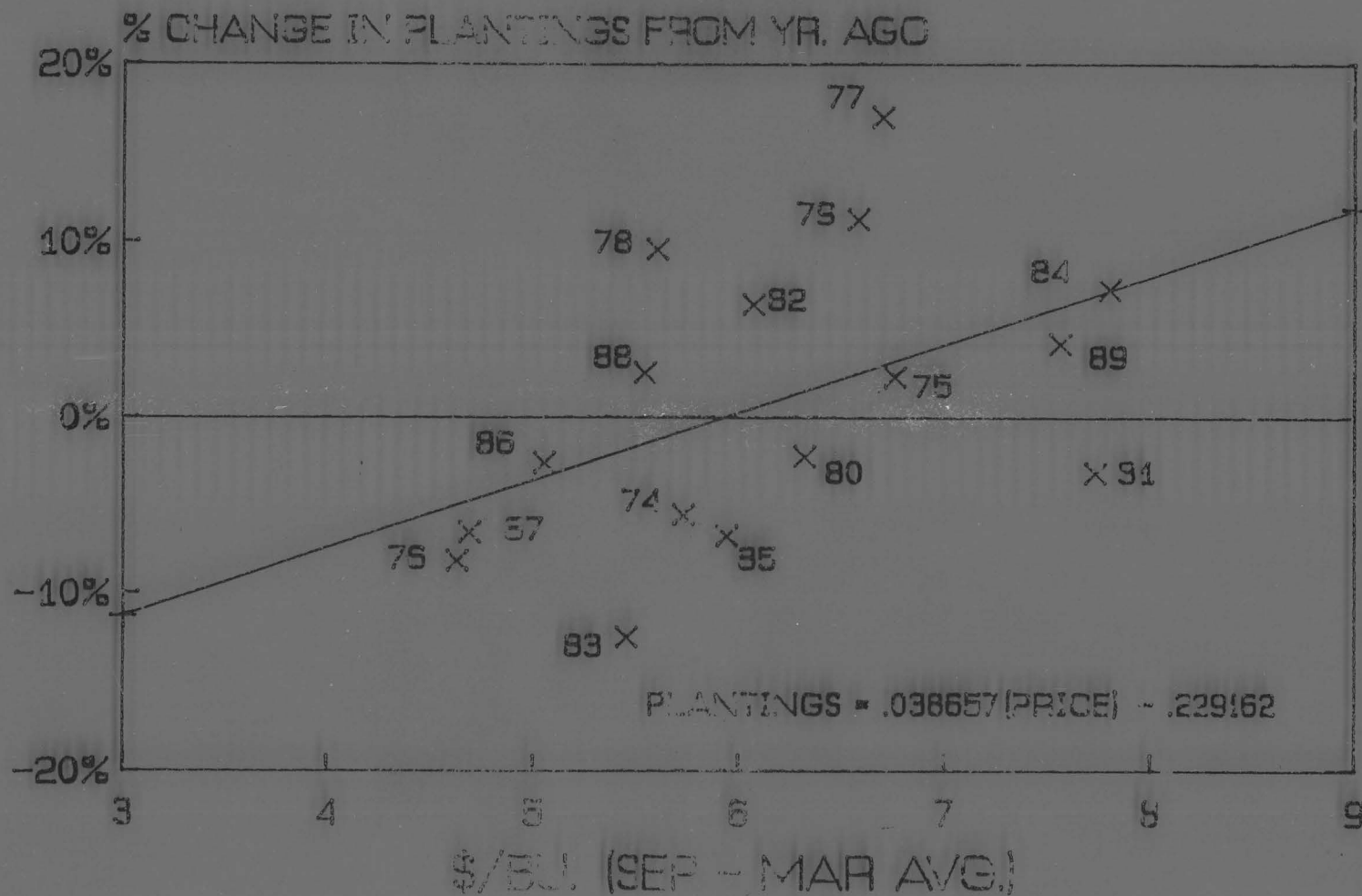


# SOYBEAN PLANTINGS vs. PRICE 1974 - 1989



# SOYBEAN PLANTINGS vs. PRICE

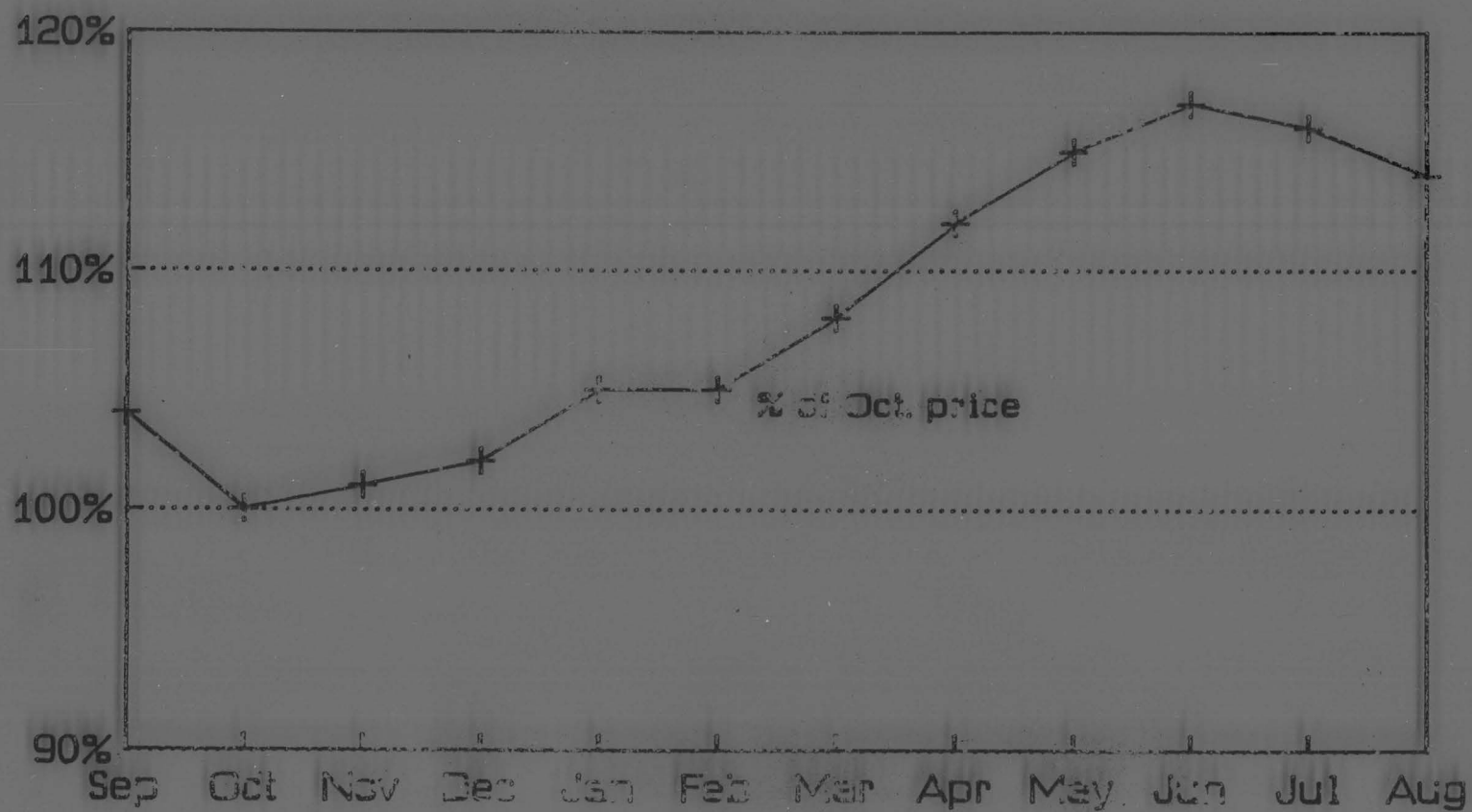
## 1974 - 1989





# U.S. SOYBEAN PRICES

1975 - 88 Marketing years  
(Excluding short crops)



# U.S. SOYBEAN PRICES

1975 - 88 Marketing years  
(Excluding short crops)

